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TOWN OF WEST YELLOWSTONE

WEST YELLOWSTONE, MONTANA

PERIOD COVERED:

Fiscal Year Ended June 30, 1977

AUDIT REPORT

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TOWN OF WEST YELLOWSTONE

WEST YELLOWSTONE, MONTANA

PERIOD COVERED:

Fiscal Year Ended June 30, 1977

TOWN OF WEST YELLOWSTONE

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TOWN OF WEST YELLOWSTONE

June 30, 1977

ORGANIZATION

MAYOR

Mr. Ersel L. Spainhower

TOWN COUNCIL

Mr. Gerald Schmier

Miss Cheryl Lyons

Mr. Calvin Dunbar

Mr. Irvin E. Dellinger

OFFICERS

Attorney	Mr. Larry Whitman
Chief of Police	Mr. Albert C. Murrish, Jr.
Clerk	Mrs. Jo Miller
Police Judge	Mrs. B. Joanne Hultz

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MONTANA DEPARTMENT OF COMMUNITY AFFAIRS
Capitol Station, Helena, Montana 59601
Thomas L. Judge
Governor

To the Honorable Town Council
Town of West Yellowstone
West Yellowstone, Montana 59758

We have examined the financial statements of the various funds and account groups of the Town of West Yellowstone for the year ended June 30, 1977, listed in the foregoing table of contents. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

The scope of our examination did not include confirmation of enterprise accounts receivable nor were we able to determine an accurate historical valuation of the Enterprise Funds' Fixed Assets and the General Fixed Assets. We therefore are unable to express an opinion as to the fairness of the balance sheets of the Enterprise Funds and General Fixed Asset Group.

The Uniform Accounting and Reporting System for Incorporated Towns, which was employed by the Town of West Yellowstone, did not give effect to taxes and assessment receivable, inventories, prepaid items, bond interest payable, and reserve items. In addition, depreciation is not provided for the fixed assets of the Enterprise Fund.

In our opinion, except for the contents of the preceding paragraphs, the financial statements of the various funds and account groups of the Town of West Yellowstone listed in the aforementioned table of contents present fairly the financial position of such funds and account groups at June 30, 1977, and the results of operations of such funds for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

The accompanying supplemental schedules and related information presented on pages 23 through 26 are not necessary for a fair presentation of the financial statements, but are presented as additional analytical data. This information has been subjected to the tests and other auditing procedures applied in the examination of the financial statements mentioned above and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

December 9, 1977

GEORGE H. PENDERGAST
Administrator
Division of Local Government Services
449-3010

Harold A. Fryslie, Director 406/449-3494

TOWN OF WEST YELLOWSTONE

AUDITOR'S COMMENTS

INTERNAL CONTROL

We have examined the financial statements of the Town of West Yellowstone for the year ended June 30, 1977, and have issued our report thereon dated December 9, 1977. As a part of our examination, we made a study and evaluation of the Town's system of internal accounting control to the extent we considered necessary to evaluate the system as required by generally accepted auditing standards. Under these standards, the purposes of such evaluation are to establish a basis for reliance on the system of internal accounting control in determining the nature, timing, and extent of other auditing procedures that are necessary for expressing an opinion on the financial statements and to assist the auditor in planning and performing his examination of the financial statements.

The objective of internal accounting control is to provide reasonable, but not absolute, assurance as to the safeguarding of assets against loss from unauthorized use or disposition, and the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that the cost of a system of internal accounting control should not exceed the benefits derived and also recognizes that the evaluation of these factors necessarily requires estimates and judgments by management.

There are inherent limitations that should be recognized in considering the potential effectiveness of any system of internal accounting control. In the performance of most control procedures, errors can result from misunderstanding of instructions, mistakes of judgment, carelessness, or other personal factors. Control procedures whose effectiveness depends upon segregation of duties can be circumvented by collusion. Similarly, control procedures can be circumvented intentionally by management either with respect to the execution and recording of transactions or with respect to the estimates and judgments required in the preparation of financial statements. Further, projection of any evaluation of internal accounting control to future periods is subject to the risk that the procedures may become inadequate because of changes in conditions and that the degree of compliance with the procedures may deteriorate.

Our examination of the financial statements made in accordance with generally accepted auditing standards, including the study and evaluation of the Town's system of internal accounting control for the year ended June 30, 1977, that was made for the purposes set forth in the first paragraph of this report, would not necessarily disclose all weaknesses in the system because it was based on selective tests of accounting records and related data. However, such study and evaluation disclosed the following conditions that we believe to be material weaknesses.

The following conditions were considered in determining the nature, timing, and extent of audit tests to be applied in our examination of the financial statements, and this report of such conditions does not modify our report dated December 9, 1977, on such financial statements.

CONVENTION AND CIVIC CENTER

Background

The Town of West Yellowstone was incorporated in 1966. At that time the Union Pacific Railroad deeded certain properties to the Town, including the dining hall. In June, 1973, the West Yellowstone Town Council designated the dining hall as the Convention and Civic Center, and endorsed the renovation and refurbishment of this Center, contingent upon the raising of $40,000.00 in "local funding" from the business community. An interim convention committee was formed, and on June 26, 1973, the chairman of that committee reported that $40,014.00 had been collected from individual and business donors. On

CONVENTION AND CIVIC CENTER - cont.

Background - cont.
August 7, 1973, the Mayor and four council members voted on and approved a resolution naming a committee to perform the necessary functions "relative to booking, scheduling, planning, organizing, implementing and controlling . . . conventions and civic uses . . ." of the Convention and Civic Center. The resolution authorized the Committee to make expenditures in amounts no greater than funds raised and deposited in the Convention and Civic Center Development fund account at the First Security Bank of West Yellowstone. The Committee was to present vouchers for payment to the Town Council, who would issue checks drawn on the Convention and Civic Center Development Fund demand deposit account. The Committee was authorized to incur necessary expenses as required to renovate, construct, operate, administer, and promote the Convention and Civic Center.

Accountability of Funds - Trust Fund
From the latter part of June, 1973, until October 10, 1973, Convention and Civic Center monies were handled by the Committee through the demand account held at the First Security Bank. In October, 1973, West Yellowstone adopted the Uniform Accounting and Reporting System for Incorporated Montana Towns. When the system was installed and implemented, the Town Clerk was instructed to transfer Convention and Civic Center monies from the separate demand account to the Town of West Yellowstone demand account. The transfer, in the amount of $16,485.13, was made on October 10, 1973. This amount established the Civic Center Renovation Trust Fund on the Town records. This trust fund was maintained until September 30, 1974. Receipt and disbursement activity relative to the Convention and Civic Center during this period is shown in Schedule 2 in this report. Schedule 3 shows that on September 30, 1974, a balance of $10.00 remained in the Civic Center Renovation Trust Fund. This amount was still being carried in the financial records of West Yellowstone as of June 30, 1977.

Recommendation
We recommend that the $10.00 balance be transferred to the All-Purpose General Fund and that the Civic Center Renovation Trust Fund be closed.

Accountability of Funds - Operations Fund
When the Uniform Accounting and Reporting System for Incorporated Towns was implemented, Civic Center Operations accounts were established within the All-Purpose General Fund. In the fiscal years ended June 30, 1974, and June 30, 1975, civic center operational expenditures were charged against these accounts, and receipts, primarily from donations, were credited to the accounts.

On April 28, 1975, the Town of West Yellowstone, as lessor, and the West Yellowstone Chamber of Commerce, as lessee, executed a Convention Center lease. The duration of this lease agreement was for five years, and it provided an option for renewal for five years upon approval of a written notice of intention being submitted at least 60 days prior to expiration. During the first year, the lessor was to pay for all electricity consumed, and fire insurance. After the first year, the feasibility of the lessee paying all or part of the electricity cost was to be discussed.

Supplemental Schedule 4 reflects the receipt and disbursement activity and the excess of disbursements over receipts for the Convention and Civic Center during the period covered by our audit. This schedule shows that cash disbursements exceeded cash receipts in each of the past three fiscal years as follows:

Fiscal Year Ended	Excess of Disbursements Over Receipts
June 30, 1975	$ 1,413.87
June 30, 1976	$ 2,033.83
June 30, 1977	$ 4,120.64

CONVENTION AND CIVIC CENTER - cont.

Accountability of Funds - Operations Fund - cont.
The deficiencies shown above for operating the Convention and Civic Center have approximately doubled each year for the past three years. Insurance and electricity costs have increased, and still higher costs should be anticipated in future years.

The budget of the Town of West Yellowstone for the fiscal year ending June 30, 1978, appropriates $4,331.00 for anticipated operational expenses of the Convention and Civic Center. The utility and communication expenses for the Civic Center are estimated to total $3,300.00. The amount of $2,200.00, however, is included in the budget as estimated revenue from the Civic Center. Since the lease agreement between the Town and the Chamber of Commerce is still in effect, we presume the estimated revenue of $2,200.00 will be paid by the Chamber of Commerce. Our review of financial records for the period of our audit revealed, however, that the Chamber of Commerce had previously made only one payment of $300.00. This payment was made on the electricity bill for February and March, 1977.

Recommendation
We recommend that the lease agreement between the Town and the Chamber of Commerce be reviewed. It should be clarified as to whether or not the Chamber of Commerce is to pay all or part of the electricity costs, or any other expenses of the Convention and Civic Center.

WEST YELLOWSTONE MEDICAL CLINIC
The Town of West Yellowstone, through Public Law 91-623, entered into a two-year agreement with the National Health Service in 1972. The National Health Service was to assist the community in establishing medical services by providing equipment and a doctor. The Town provided a facility to be used as a medical clinic. All income from the facility was deposited into a checking account in the name of the "West Yellowstone Medical Clinic". All operating expenses were paid from this checking account. Upon the completion of the two-year agreement, $2,683.30 remained in the checking account, and the medical clinic operation was concluded. The $2,683.30 remained in the checking account at the First Security Bank of West Yellowstone, Montana as of June 30, 1977.

In November of 1974, following the completion of the agreement with the National Health Service, the medical facility was leased by the Town of West Yellowstone to two doctors who now operate the clinic privately. The Town receives rent of $34.75 per month that reimburses the Town for 50% of a fire and casualty insurance policy on the medical facility. In addition, the Town provides outside maintenance of the medical facility. The lessees must pay for all utilities, maintain the interior of the facility, maintain all equipment on loan from the National Health Service in workable condition and carry liability insurance of $300,000.00 and malpractice insurance of not less than $300,000.00.

The medical equipment was loaned to the Town for the medical facility by the United States Government through the National Health Service. An itemized listing of the equipment loaned was provided to the Town by the Department of Health, Education and Welfare in a letter dated June 19, 1974. No inventory of this equipment had been taken during this audit period and a detailed listing of the equipment still on hand was not available as of June 30, 1977.

When the present lessees assumed the operation of the medical facility in November, 1974, a supply inventory was taken totaling $3,178.57. We were informed that this supply inventory was to be purchased by the lessees, however, no payment had been received as of June 30, 1977.

WEST YELLOWSTONE MEDICAL CLINIC - cont.

Recommendation

1. *The balance of $2,683.30 in the West Yellowstone Medical Clinic checking account should be deposited to the Town of West Yellowstone and a receipt issued. The amount can be deposited to the all-purpose general fund or to a separate fund for the medical clinic. This decision should be made by the Council with advice from the Town Attorney. Since the all-purpose general fund is subsidizing the medical clinic, we suggest that consideration be given to depositing this money to that fund.*
2. *An inventory of all fixed assets of the medical facility should be taken immediately and listed separately as follows:*
   a. *Assets on loan from United States Government. This inventory should be compared to the list provided by the Government and differences accounted for.*
   b. *Assets owned by the Town of West Yellowstone.*
   c. *Assets purchased and owned by the lessees.*

   All fixed assets should be tagged for future identification. Future assets should be added to the inventory at the time of purchase, and traded or obsolete assets removed. Periodic inventories should be taken by someone not responsible for the assets and compared to this perpetual inventory record.
3. *Copies of the required insurance policies to be purchased by the lessees should be made available to the Town and reviewed by the Town Attorney for compliance.*
4. *It should be determined whether the lessees were to pay for the $3,178.57 worth of supplies in the clinic in November, 1974. If they were, an agreement should be worked out with the lessees in regard to collecting for them.*

GAS TAX APPORTIONMENT

The money received from the State for gas tax apportionment was being placed in the all-purpose general fund. Expenditures of these funds are to be used for the repair, maintenance and reconstruction of the Town streets, as provided for in Section 84-1840(2). The Uniform Accounting and Reporting Manual for Incorporated Towns states that funds received from the gas tax apportionment should be placed in a separate fund. This would be Special Revenue Fund Number 19, Gas Tax Apportionment. Utilization of a separate fund would allow the Town to prove that the money is being used as allowed by statute, as well as allowing the Town to accumulate funds over a period of time for financing larger street projects.

Recommendation

A separate special revenue fund should be established to account for gas tax apportionment monies received from the State.

INVESTMENT PROGRAM

The Town of West Yellowstone did not have a formal investment program for surplus cash. The sewer, police training/reserve, and firemen's disability funds have money invested; however, the all-purpose general and Revenue Sharing funds should be involved in an investment program. Section 16-2618 allows the local governing bodies to invest surplus monies that are not necessary for immediate use. For example, the end of the month cash balances for the all-purpose general fund during the 1976 fiscal year varied from $9,389.05 to $36,363.76.

Recommendation

The Town should invest funds not needed for immediate use. Prior to the actual investment, the cash flow and future needs of the funds should be taken into consideration.

CASH ON HAND

On November 7, 1977, the cash on hand amounted to $47.98. This cash was received for the use of the Town copy machine, for the sale of Town plats, and for notary fees. The monies were being used for postage, freight, and other miscellaneous expenses. The $47.98 was not included in the balance sheet, although $50.00 was shown to be in the petty cash fund. No petty cash fund was then in existence.

During the course of this examination, the cash on hand increased to over $50.00. Since no petty cash fund was in existence, $50.00 was used to establish this fund and the amount over $50.00 was added to the Town funds.

Recommendation

All funds received by the Town from an outside source should be receipted for and credited to the proper fund. Since a petty cash fund is now established, it should be operated on the imprest basis. No Town revenue should be commingled with this fund.

APPROVAL OF CLAIMS

To approve claims, the Town Council votes to pay the current bills, and the Mayor then signs the claims. No indication is given in the minutes to show which claims are approved by the Council for payment, nor are the claims signed by the Council to show payment approval.

Recommendation

To show Council approval for the payment of claims, we recommend that:

1. *Approved claims be listed in the minutes of the Council meetings, or*
2. *Each member of the Council sign each claim to indicate approval.*

WESTERN UNION

The Town of West Yellowstone entered into a contract with Western Union to provide telegraph service to the Town. The equipment is located in the Town Hall. Telegraph receipts are deposited to and disbursements paid from the all-purpose general fund.

Recommendation

Preferably, the Town should not be involved in this type of private activity. An attempt should be made to move this service to a private facility. However, if it is not possible to relocate the telegraph service, and the Town deems it essential to have this service, then a separate fund should be established to handle the monies involved. Any profit from this enterprise should periodically be transferred to the all-purpose general fund.

PLEDGED SECURITIES

On June 30, 1977, the demand account balance in the First Security Bank in West Yellowstone was $76,998.93. The Federal Deposit Insurance Corporation guarantee covered $40,000.00, and the bank had pledged securities in the amount of $20,000.00. This left $16,998.93 in funds that were unsecured. The Town has initiated action to increase its pledged securities. Section 16-2618(2) provided that the local governing unit may require security for deposits not guaranteed or insured according to law. In addition, the provisions of Section 16-2618(3) which require the Town Council to review pledged securities on a quarterly basis and make minute entries of the acceptance and approval, have not been complied with.

Recommendation

The Town should require pledged securities to secure all deposits not protected by F.D.I.C. coverage. The Town Council should review these securities on a quarterly basis and make a minute entry noting their acceptance and approval.

WAGE ADVANCES

During the period under examination, employees were allowed to receive wages in advance of those earned. While advances of earnings may periodically be deemed necessary, there should be strict limitations and controls on the practice.

Recommendation

A policy should be established by the Town on when wage advances would be allowed. The policy should then be strictly adhered to.

VACATION AND SICK LEAVE RECORDS

Ordinance Number 50, dated January 6, 1972, established a vacation and sick leave policy for the Town of West Yellowstone. Since the approval of this ordinance, there have been changes to Title 59, Chapter 10, which require the Town Council to update their ordinance. Some of the areas in need of change are as follows:

1. Employees are now entitled to vacation leave with pay after they have been continuously employed for a period of six calendar months, rather than twelve months.
2. The pay attributed to the accumulated sick leave should be computed on the basis of the employee's salary or wage at the time he terminates his employment with city, rather than on the basis of the salary at the time the sick leave accrued.
3. Annual vacation leave may now be accumulated to a total not to exceed two times the maximum number of days earned annually as of the last day of any calendar year, rather than thirty days.

In addition, Ordinance Number 50 directs the Clerk of the Town to keep adequate records showing hours worked and when, the accumulated vacation and sick leave, and the leaves of absence without pay. These records were not maintained.

Recommendation

Ordinance No. 50 should be revised to comply with the changes made in Title 59, Chapter 10. In addition, individual records should be established and maintained showing the following information:

- *a. Employee's name*
- *b. Office or department*
- *c. Job title*
- *d. Employment date*
- *e. Termination date*
- *f. Monthly vacation records*
  - *1. Hours earned*
  - *2. Hours used*
  - *3. Balance available*
- *g. Monthly sick leave records*
  - *1. Hours earned*
  - *2. Hours used*
  - *3. Balance available*
    - *a. Unpaid*
    - *b. Paid (earned after July 1, 1971)*

OVERTIME FOR POLICE DISPATCHERS

Police Department dispatchers were being paid straight time for hours worked over forty per week. Section 41-2303(b) states: "No employer shall employ any of his employees for a work week longer than forty (40) hours, unless such employee receives compensation for his employment in excess of forty (40) hours in a work week at a rate of not less than one and one-half (1½) times the hourly wage rate at which he is employed."

Recommendation

The Town Council should either insure that employees do not work over forty hours per week, or pay the employees for the hours worked over forty at a rate of at least 1½ times their regular hourly rate.

AUDITOR'S COMMENTS - cont.

PAYROLL WITHHOLDINGS

No payroll withholdings were being taken from the earnings of the Mayor, Aldermen, and Town Attorney. The Town Attorney was classified in the budget as being on a retainer fee basis; however, no written contract had been established between the Town Attorney and the Town.

Recommendation

All individuals that receive a salary should have normal withholdings for F.I.C.A., State and Federal income tax, etc. deducted. There should be a determination made of whether a salary or a retainer fee is now being paid to the Town Attorney. If the Town Attorney is deemed a Town employee, then normal withholdings would apply. If the Town Attorney is on a retainer, then a contract should exist and no withholdings are necessary.

CONTRACTS PAYABLE

The Town Clerk's Annual Report for the fiscal year ending June 30, 1977, showed contracts payable of $13,440.53 for the all-purpose general fund and ($2,336.02) for the special revenue funds. Verification of these amounts could not be made. The contracts payable which were verified by the auditors, and which were agreed upon by the Town Clerk, amounted to $5,701.59 for the all-purpose general fund. The balance sheet included in this audit report shows contracts payable of $5,701.59.

Recommendation

The current ledger cards showing the old contracts payable should be adjusted to reflect the amount actually owed. When payments are made on the contracts the proper entry should then be made to reduce the amount shown on the contracts payable ledger cards.

PROPERTY INVENTORY

The Town Clerk had an inventory of all the property owned by the Town; however, values were not placed on the property inventoried. As a result, the Town Clerk's Annual Report, which reflects the dollar value of the assets owned, could not be verified.

Recommendation

Values of all Town property should be determined. If the purchase price cannot be determined, then an estimated cost should be used. The total value of the property should equal the amount reflected on the Town's accounting records. Adjusting entries should be made as necessary.

PURCHASES WITHOUT BIDS

No calls for bids could be found pertaining to the purchase of the 1965 Ford fire truck at a purchase price of $4,222.40. Section 11-1202 requires that purchases over $4,000.00 be advertised for bids.

Recommendation

The Town Council should advertise for bids for all purchases in excess of $4,000.00, as required by statute.

GERONTOLOGY STUDY AND HUMAN RESOURCES COORDINATOR

The Town entered into an agreement to do a gerontology study with the Retired Senior Volunteer Program of Bozeman. The study area was southern Gallatin County. During the audit period, the Town provided mainly the accounting services for the study.

In addition, the Town provided "poor fund type services" similar to those of a county through a Human Resources Coordinator. The services included job placement, research into unemployment claims, transient aid and various types of counseling. Most of the funding for this activity came from a State grant rather than Town funds, with the exception of some in-kind services. Expenditures were budgeted through the all-purpose general fund, and the grant was receipted into that fund.

GERONTOLOGY STUDY AND HUMAN RESOURCES COORDINATOR - cont.
Services and activities such as the above are normally handled through a county government, rather than a city or town government. In fact, Section 71-221 states that: "The county department of public welfare shall be charged with the local administration of all forms of public assistance in the county, including but not limited to, food stamp programs and social services programs."

Recommendation
We suggest that the Town Council consider transferring the administration, supervision, and/or any financial support of the above programs to Gallatin County. If the Town Council elects to have the Town continue in the programs, we suggest that any agreements between the Town and other groups or governments clearly set out the Town's responsiblities and the financial or in-kind services support required, if any, for the programs.

CLOSED MEETINGS AND MEETINGS BY TELEPHONE
Bids were opened for a police car on June 6, 1974, at a meeting that was closed to the public. On February 24, 1975, and on May 21, 1975, the Town Council held special meetings by telephone. Sections 82-3401 and 82-3402 require council meetings to be open to the public except during the time the discussion relates to a matter of individual privacy, and then if, and only if, the presiding officer determines that the demands of individual privacy clearly exceed the merits of public disclosure. Also, a meeting may be closed to discuss a strategy to be followed with respect to collective bargaining or litigation when an open meeting would have a detrimental effect on the bargaining or litigating position of the Town. Minutes of the above meetings were written, signed by the Mayor, and attested by the Clerk.

Recommendation
All future meetings of the Town Council should be open to the general public, unless they are discussing a matter of individual privacy or a strategy to be followed with respect to collective bargaining or litigation.

PURCHASES FROM TOWN OFFICIALS
The Town of West Yellowstone had made numerous purchases from businesses that Town officials have interests in. Section 59-501 provides that: "Members of the legislature, state, county, city, town, or township officers or any deputy or employee thereof, must not be interested in any contract made by them in their official capacity, or any body, agency, or board of which they are members or employees . . . (2) The term "contract" does not include: a. contract awarded to the lowest responsible bidder based on competitive bidding procedures, . . ." Section 11-1201 specifically mentions the mayor, members of the council, city or town officers, and any relative or employee thereof, and prohibits direct or indirect interest in the profits of any contract entered into by the council while he is or was in office.

During the course of the examination the Town had made severe cutbacks in these purchases.

Recommendation
All purchases that represent a potential conflict of interest and that are contrary to the above statutes should be avoided.

SUMMARY
The financial statements presented in this report are for the 1976-77 fiscal year. The comments and recommendations, however, relate to events occurring since the end of the prior audit period on May 31, 1974.

In addition to aspects of Town operations normally covered in our audit, we reviewed and investigated a number of allegations brought to our attention concerning Town government affairs. Any material findings resulting from our review of these allegations are included in the above comments and findings. A number of the other allegations, although they may have some validity,

SUMMARY - cont.

concerned items of a nature which were within the discretionary powers of the Town government. None of these items are covered in this report, since the recourse here would be for the Town voters to elect new Town officials if they are dissatisfied with the government's operation. A large number of these other allegations dealt with matters of a legal nature. These allegations had previously been investigated by two Gallatin County Attorneys. Thomas A. Olson stated that: "I do not view the above violations as indicative of any pattern to deliberately evade the law." Donald E. White stated that: "I would like to conclude that I do not find evidence of any criminal conduct on the part of any of the city officials of West Yellowstone, Montana . . . I wish to finally state, therefore, in order that there can be no mistake on this matter, that our office shall file no charges and that I consider our investigation of the matter to be completed."

Further, a request to the District Judge to call a grand jury to investigate these charges was denied on the basis of the information presented to him. Consequently, no additional review of these compliance matters by this office was deemed necessary.

EXHIBIT A

TOWN OF WEST YELLOWSTONE

COMBINED BALANCE SHEET - ALL FUNDS

June 30, 1977

	All-Purpose General Fund	Special Revenue Funds Group	Trust and Agency Funds Group	General Fixed Assets Group	Total (Memorandum Only)
ASSETS					
Cash	$ 29,749.43	$ 37,256.92	$ 17,564.41	$	$ 84,570.76
Petty Cash	50.00				50.00
Land				413,900.00	413,900.00
Buildings and Structures				387,132.41	387,132.41
Improvements Other Than Buildings and Structures				11,339.91	11,339.91
Machinery and Equipment				133,182.35	133,182.35
Total Assets and Other Debits	$ 29,799.43	$ 37,256.92	$ 17,564.41	$ 945,554.67	$1,030,175.43

See accompanying Notes to Financial Statements.

TOWN OF WEST YELLOWSTONE

COMBINED BALANCE SHEET - ALL FUNDS - cont.

June 30, 1977

LIABILITIES/RESERVES FUND BALANCE/RETAINED EARNINGS	All-Purpose General Fund	Special Revenue Funds Group	Trust and Agency Funds Group	General Fixed Assets Group	Total (Memorandum Only)
Contracts Payable	$ 5,701.59	$	$	$	$ 5,701.59
Investment in General Fixed Assets				945,554.67	945,554.67
Fund Balance	24,097.84	37,256.92	17,564.41		78,919.17
Total Liabilities and Other Credits	$ 29,799.43	$ 37,256.92	$ 17,564.41	$ 945,554.67	$1,030,175.43

See accompanying Notes to Financial Statements.

EXHIBIT A-1

TOWN OF WEST YELLOWSTONE

SPECIAL REVENUE FUNDS BALANCE SHEETS

June 30, 1977

	Sewer Fund	Local Government Study Commission Fund	Crime Control Fund	Public Service Employment Fund	Revenue Sharing Fund	Anti-Recession Fund	Total (Memorandum Only)
ASSETS							
Cash	$ 24,313.10	$ 1,059.08	$ 3,661.99	$ 18.18od	$ 7,589.72	$ 651.21	$ 37,256.92
Total Assets and Other Debits	$ 24,313.10	$ 1,059.08	$ 3,661.99	$ 18.18od	$ 7,589.72	$ 651.21	$ 37,256.92
LIABILITIES/RESERVES FUND BALANCE/RETAINED EARNINGS							
Fund Balance	$ 24,313.10	$ 1,059.08	$ 3,661.99	$ 18.18od	$ 7,589.72	$ 651.21	$ 37,256.92
Total Liabilities and Other Credits	$ 24,313.10	$ 1,059.08	$ 3,661.99	$ 18.18od	$ 7,589.72	$ 651.21	$ 37,256.92

See accompanying Notes to Financial Statements.

EXHIBIT B

TOWN OF WEST YELLOWSTONE

ALL-PURPOSE GENERAL FUND

STATEMENT OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL

For Year Ended June 30, 1977

	Budget	Actual	Over or (Under) Budget
Revenues:			
Taxes	$ 88,483.00	$ 81,884.01	$ (6,598.99)
Licenses and Permits	16,442.00	14,763.26	(1,678.74)
Intergovernmental Revenue	74,330.87	67,166.16	(7,164.71)
Charges for Service	3,080.00	2,680.82	(399.18)
Fines and Forfeitures	10,200.00	7,460.50	(2,739.50)
Miscellaneous	10,155.92	10,047.91	(108.01)
Total Revenues	$ 202,691.79	$ 184,002.66	$ (18,689.13)
Expenditures:			
General Government	$ 31,430.00	$ 28,535.91	$ (2,894.09)
Public Safety	83,664.00	76,918.05	(6,745.95)
Highways and Streets	34,929.29	29,805.88	(5,123.41)
Health	1,030.00	947.93	(82.07)
Culture - Recreation	7,575.00	8,656.94	1,081.94
Miscellaneous	44,063.50	31,347.97	(12,715.53)
Total Expenditures	$ 202,691.79	$ 176,212.68	$ (26,479.11)
Excess (Deficiency) of Revenues Over Expenditures		$ 7,789.98	

See accompanying Notes to Financial Statements.

TOWN OF WEST YELLOWSTONE

SPECIAL REVENUE FUNDS

STATEMENT OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL

For Year Ended June 30, 1977

	Budget	Actual	Over or (Under) Budget
SEWER FUND			
Revenues:			
Taxes		$ 17,747.87	
Sewer Service Charges		4,384.84	
Sewer Permits		53.00	
Sale of Material and Supplies		82.26	
Interest		418.20	
Investment Redeemed		10,000.00	
Total Revenues		$ 32,686.17	
Expenditures:			
Salaries		$ 6,913.16	
Supplies		1,745.19	
Repairs and Maintenance		834.73	
Utility and Communication		2,457.46	
Miscellaneous		312.00	
Seepage Lagoon		746.20	
Machinery and Equipment		453.40	
Total Expenditures		$ 13,462.14	
Excess (Deficiency) of Revenues Over Expenditures		$ 19,224.03	
LOCAL GOVERNMENT STUDY COMMISSION FUND			
Revenues:			
State of Montana	$ 500.00	$ 500.00	$ -0-
Total Revenues	$ 500.00	$ 500.00	$ -0-
Expenditures:			
Supplies	$ 1,000.00	$ 354.16	$ (645.84)
Miscellaneous	1,016.14	602.90	(413.24)
Total Expenditures	$ 2,016.14	$ 957.06	$ (1,059.08)
Excess (Deficiency) of Revenues Over Expenditures		$ (457.06)	

See accompanying Notes to Financial Statements.

TOWN OF WEST YELLOWSTONE

SPECIAL REVENUE FUNDS - cont.

STATEMENT OF REVENUES AND EXPENDITURES

For Year Ended June 30, 1977

	Actual
CRIME CONTROL FUND	
Revenues:	
State of Montana	$ 7,730.82
Total Revenues	$ 7,730.82
Expenditures:	
Salaries	$ 2,672.87
Machinery and Equipment	2,160.44
Total Expenditures	$ 4,833.31
Excess (Deficiency) of Revenues Over Expenditures	$ 2,897.51

PUBLIC SERVICE EMPLOYMENT FUND	
Revenues:	
Public Service Employment Grant	$ 3,953.69
Total Revenues	$ 3,953.69
Expenditures:	
Salaries	$ 3,971.87
Total Expenditures	$ 3,971.87
Excess (Deficiency) of Revenues Over Expenditures	$ (18.18)

See accompanying Notes to Financial Statements.

TOWN OF WEST YELLOWSTONE

SPECIAL REVENUE FUNDS - cont.

STATEMENT OF REVENUES AND EXPENDITURES

For Year Ended June 30, 1977

	Actual
REVENUE SHARING FUND	
Revenues:	
Revenue Sharing	$ 8,110.00
Total Revenue	$ 8,110.00
Expenditures:	
Capital Outlay	$ 2,000.28
Miscellaneous	115.70
Total Expenditures	$ 2,115.98
Excess (Deficiency) of Revenues Over Expenditures	$ 5,994.02
ANTI-RECESSION FUND	
Revenues:	
Federal Grant	$ 747.00
Total Revenues	$ 747.00
Expenditures:	
Salaries	$ 95.79
Total Expenditures	$ 95.79
Excess (Deficiency) of Revenues Over Expenditures	$ 651.21

See accompanying Notes to Financial Statements.

EXHIBIT D

TOWN OF WEST YELLOWSTONE

TRUST AND AGENCY FUNDS

STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS

Fiscal Year Ended June 30, 1977

	Total All Funds	Day Care Fund	Gerontology Fund	Police Reserve/ Training Fund	Firemen's Disability Fund	Driver's Education Fund
Receipts:						
Donations	$ 1,139.24	$ 1,139.24	$	$	$	$
Gallatin County Grant	2,500.00		2,500.00			
Insurance Premium Apportionment	4,602.00			2,301.00	2,301.00	
Interest	492.12			198.19	293.93	
Refunds	117.00			117.00		
Certificate of Deposit	11,000.00			4,000.00	7,000.00	
Fines	839.50					839.50
Total Receipts	$ 20,689.86	$ 1,139.24	$ 2,500.00	$ 6,616.19	$ 9,594.93	$ 839.50
Disbursements:						
Supplies	$ 683.11	$ 304.92	$ 82.56	$ 295.63	$	$
Utilities and Communication	17.50	17.50				
Miscellaneous	2,088.81	607.99	451.04	713.51	316.27	
Machinery and Equipment	370.00	370.00				
Salaries	36.05			36.05		
Certificate of Deposit	2,000.00				2,000.00	
State of Montana	839.50					839.50
Total Disbursements	$ 6,034.97	$ 1,300.41	$ 533.60	$ 1,045.19	$ 2,316.27	$ 839.50
Excess (Deficiency) of Receipts Over Disbursements	$ 14,654.89	$ 161.17od	$ 1,966.40	$ 5,571.00	$ 7,278.66	$ -0-

See accompanying Notes to Financial Statements.

EXHIBIT E

TOWN OF WEST YELLOWSTONE

STATEMENT OF CHANGES IN FUND BALANCES/RETAINED EARNINGS - ALL FUNDS

For Year Ended June 30, 1977

	All-Purpose General Fund	Special Revenue Funds	Trust and Agency Funds
Balances July 1, 1976	$ 16,307.86	$ 8,965.39	$ 2,909.52
Add:			
Excess of Revenues Over Expenditures For the Year	$ 7,789.98	$ 28,291.53	$
Excess of Receipts Over Disbursements For the Year			14,654.89
Total Additions	$ 7,789.98	$ 28,291.53	$ 14,654.89
Deduct:			
Total Deductions	$ -0-	$ -0-	$ -0-
Balances June 30, 1977	$ 24,097.84	$ 37,256.92	$ 17,564.41

See accompanying Notes to Financial Statements.

TOWN OF WEST YELLOWSTONE

NOTES TO FINANCIAL STATEMENTS

June 30, 1977

1. The Town of West Yellowstone utilized the Uniform Accounting and Reporting System for Incorporated Towns. The results of employing this system for recording revenues and expenditures are similar to those that would be achieved by use of the modified accrual basis for budgetary funds and the accrual basis (with minor exceptions) for the Enterprise Funds.

2. Cash may include cash and cash items; demand, savings, time, and fiscal agent deposits; investments in the State Short-Term Investment Pool (S.T.I.P.); and U.S. Government securities. The composition of cash on June 30, 1977, was as follows:

Cash in Banks:	
Demand Deposits	$ 55,660.44
Time Deposits	28,910.32
Total	$ 84,570.76

3. Taxes and assessments receivable are not reflected in these financial statements. Taxes receivable are maintained by the County as part of the Trust and Agency Fund Group; however, they are not separated by governmental entity.

4. Fixed assets were recorded at historical cost and estimated costs as determined at the inception of the Uniform Accounting and Reporting System for Incorporated Towns. No work was done to establish the validity of cost figures. Fixed assets purchased are now recorded as expenditures in the various funds at the time of purchase. Such assets, other than those of the Enterprise Fund Group, are capitalized at cost in the general fixed assets group of accounts. Gifts or contributions are recorded at fair market value at the time received. No depreciation has been provided on general fixed assets or on the assets of the Enterprise Fund Group.

5. Contracts payable represents amounts due for the purchase of a fire truck and a ½ ton truck.

6. Liabilities incurred because of unused vacation and sick leave accumlated by employees are not included in the financial statements. Expenditures are recorded when paid.

7. On April 28, 1977, a complaint was filed against the Town of West Yellowstone in District Court. The Plaintiff, a former Town police officer, claims damages are due him from the Town in the amount $30,000.00 plus costs. Thus, there is a possible liability in the amount of $30,000.00 plus costs. The trial date had not been set as of December 9, 1977.

8. This audit is not contemplated as meeting the grant conditions of any Federal or State program. However, a review of the revenues and expenditures, the financial records, and the financial controls came within the scope of this audit.

TOWN OF WEST YELLOWSTONE

SUPPLEMENTAL SCHEDULES

June 30, 1977

TOWN OF WEST YELLOWSTONE

COMBINED STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS - ALL FUNDS

For Fiscal Year Ended June 30, 1977

Fund	Balance July 1, 1976	Receipts*	Disbursements*	Balance June 30, 1977
All-Purpose General Fund	$ 21,959.45	$ 184,002.66	$ 176,212.68	$ 29,749.43
Special Revenue Funds:				
Sewer	5,089.07	32,686.17	13,462.14	24,313.10
Local Government Study Commission	1,516.14	500.00	957.06	1,059.08
Crime Control	764.48	7,730.82	4,833.31	3,661.99
Public Service Employment	-0-	3,953.69	3,971.87	18.18od
Revenue Sharing	1,595.70	8,110.00	2,115.98	7,589.72
Anti-Recession	-0-	747.00	95.79	651.21
Trust and Agency Funds:				
Convention Center	10.00	-0-	-0-	10.00
Day Care	-0-	1,139.24	1,300.41	161.17od
Gerontology Study	-0-	2,500.00	533.60	1,966.40
Police Reserve/ Training	24.00	6,616.19	1,045.19	5,595.00
Firemen's Disability	2,875.52	9,594.93	2,316.27	10,154.18
Driver's Education	-0-	839.50	839.50	-0-
Total - All Funds	$ 33,834.36	$ 258,420.20	$ 207,683.80	$ 84,570.76

*Footnote: The amounts shown for receipts and disbursements include any transfers.

Balances Classified by Depository:

Demand Accounts:	
First Security Bank West Yellowstone, Montana	$ 55,660.44
Certificates of Deposit:	
First Security Bank West Yellowstone, Montana	28,910.32
Total Cash Balance June 30, 1977	$ 84,570.76

Schedule 2

TOWN OF WEST YELLOWSTONE

CONVENTION AND CIVIC CENTER FUND

STATEMENT OF RECEIPTS AND DISBURSEMENTS

July 31, 1973 to October 10, 1973

West Yellowstone Convention and Civic Center Fund
First Security Bank, West Yellowstone, Montana
Account No. 70-386-8

Balance Per Statement Dated July 31, 1973		$ 34,906.10
Add:		
Receipts for the Period		3,194.18
Total Available		$ 38,100.28
Less:		
Disbursements for the Period	$ 21,615.15	
Transfer to Town of West Yellowstone	16,485.13	38,100.28
Balance October 10, 1973		$ -0-

TOWN OF WEST YELLOWSTONE

CIVIC CENTER RENOVATION TRUST FUND

STATEMENT OF RECEIPTS AND DISBURSEMENTS

October 10, 1973 to September 30, 1974

Receipts:			
Transfer From Account No. 70-386.8	$ 16,485.13		
*Less: Installation Adjustment	103.53	$ 16,381.60	
Donations From Private Sources		10,049.12	
Concessions (AAU Convention)		8,592.15	
Transfer From Civic Center Operations		419.82	$ 35,442.69
Disbursements:			
Salaries, Wages, and Related Benefits		$ 1,821.51	
Supplies		2,049.73	
Repairs and Maintenance		210.00	
Utility and Communication Services		381.32	
Miscellaneous Expenses		8,683.69	
Buildings and Structures		20,286.44	
Transfer to Civic Center Operations		2,000.00	35,432.69
Balance September 30, 1974			$ 10.00

*Footnote:

Adjustment made when Uniform Accounting System was installed October 10, 1973.

TOWN OF WEST YELLOWSTONE

CONVENTION AND CIVIC CENTER OPERATIONS FUND

STATEMENT OF RECEIPTS AND DISBURSEMENTS

For Fiscal Year Ended June 30, 1975

Receipts:		
Donations for Operations		$ 8,985.20
Disbursements:		
Salaries, Wages, and Related Benefits	$ 5,298.41	
Supplies	5.84	
Repairs and Maintenance	3.30	
Utility and Communication Services	1,131.77	
Miscellaneous Expense	3,959.75	10,399.07
Excess (Deficiency) of Receipts Over Disbursements		$ (1,413.87)

For Fiscal Year Ended June 30, 1976

Receipts:		
		$ -0-
Disbursements:		
Supplies	$ 38.21	
Utility and Communication Services	1,020.62	
Miscellaneous Expenses	975.00	2,033.83
Excess (Deficiency) of Receipts Over Disbursements		$ (2,033.83)

For Fiscal Year Ended June 30, 1977

Receipts:		
		$ -0-
Disbursements:		
Utility and Communication Services	$ 2,738.64	
Miscellaneous	1,382.00	4,120.64
Excess (Deficiency) of Receipts Over Disbursements		$ (4,120.64)